

ORGANIZATIONAL SOCIAL RESPONSIBILITY - STATE OF THE ART

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Abstract: This article clarifies the meaning of the concept of organizational social responsibility (OSR) by highlighting the contributions of both authors of literature and the main relevant international organizations. OSR is a controversial concept and an exciting subject that aroused the interest of many specialists, both theoretically and practically. Many authors and international bodies seek to establish a logical meaning of the concept of social responsibility, in order to facilitate its implementation in the activities of the organizations.

JEL classification: B59, M14, N00

Key words: social responsibility, economic responsibility, international organizations, social principles

1. Introduction

The article presents an analysis of the concept of organizational social responsibility (OSR). The evolution of the concept in time raised decisive moments that have defined OSR. Theoretical contributions of researchers in the field have gradually enlarged the understanding of social responsibility. However, the OSR is a relatively new concept for the management of organizations and is a highly debated topic by many authors (e.g. Bowen, 1953; Burlea Șchiopoiu, 2009, Campbell, 2006, Carroll, 2001, Jacquot, 2005; Windsor, 2001).

In the current economic environment, the social pressures on business have increased and the concern for the OSR is not manifested only by scientists. More and more international organizations shared their interest in the OSR- the Economic Cooperation and Development Organization, the United Nations, the European Commission, the Economic Development Committee, the World Council for Sustainable Development.

The structure of the article reflects a dual approach in defining the OSR. The first part presents the contributions offered by the OSR literature and the emergence of the term so far. In the second part, OSR elements are analyzed through the documents of international organizations concerned with social practices of organizations.

2. Theoretical literature on the definition of OSR

Nowadays, because of the economic and social globalization, the need for morality and for social responsibility of the organizations became more pronounced. OSR became an important part in the international economic affairs and it is considered an exciting subject that developed the interest of many specialists, both theoretically

and practically. Some authors try to mitigate the disputes aroused by the conceptual approach of the term, seeking to establish a logical correlation between the activities of the business community and the exact elements of ethics and morality, found in the social sciences. The controversy on the OSR practice implementation designs organizations to facilitate implementation of various elements that define the OSR in their daily activities.

The first elements of social responsibility have appeared in the late '30s, with the contribution of Chester Barnard (1938) - *The Functions of the Executive*, who discussed a number of preliminary considerations on the cooperative systems and behavior of individuals within the organization and beyond. Two years later, in 1940, Theodore Krep, in his book, *Measurement of the Social Performance of Business*, tried to determine the impact of actions taken by companies on the areas of social interest. In the booklet to Accompany Training The Labour Dimension of CSR: from Principles to Practice for Global Copact in 2007, the beginning of OSR are considered to be in the "United States during the 1950s, but studies on the subject had already been published in the 1920s, as a consequence of the debate on the need for company managers to take into account not only shareholders' interests but also other stakeholders' interests."

However, Howard Bowen is considered by many experts (Burlea Șchiopiu A., 2007, Gonda, J.P & Igaleans. J., 2008) to be the "Father of Social Responsibility". In his book, "Social Responsibilities of the Businessman" (1953), Bowen expands business interests, ranging from a strictly economic responsibility, build on profit and loss, to the social responsibility that is based on systematic analysis of speech and human behavior. In the '60s, a number of american researchers such as Davis (1960), Frederik (1960), Eells, Walton (1961), McGuire (1963), Bolstrom (1966) continue to be concerned with the concept of social responsibility. Following Bowen's idea, they are trying to raise awareness about the impact of economic environment that businesses have on society. Thus, the concept of OSR extends its area of understanding and embraces the notion of citizenship (Frederik -1960) and ethics (Eells, Walton 1961).

In 1970, Clarence C. Walton, in his book "Corporate social responsibility" links the term of SR to the meaning of voluntary responsibility of organizations, in line with the interests of the corporation. This explains the importance of relations between stakeholders, society and business.

An important role in the evolution of the concept of social responsibility of the organization belongs to M. Friedman, who had a skeptical attitude about the benefits of the OSR. In his book, "The Social Responsibility of Business is to Increase its Profits" (1970), he explains that the OSR serves the personal interest of managers, thereby it can reduce the profits of the shareholders. However, managers must adjust their policies in order to meet the increasing number of stakeholders (employees, customers, suppliers, subcontractors etc.).

The definition of OSR has developed a new dimension with the contribution of Archie B. Carroll, in 1991, which considerably broadened its scope of understanding. He defined four components of social responsibility: economic, legal, ethical and philanthropic (Carroll, 1991).

Economic responsibility reflects the basics of all business to seek profit. Organizations must commit to provide activities to maximize earnings to shareholders, to be more profitable, to achieve a strong competitive position and a high level of efficiency. A successful organization is one that consistently makes profit.

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Legal responsibility refers to actions taken by organizations that need to be consistent with the laws and rules imposed by local and national authorities. Goods and services of an organization must meet minimum legal requirements when completed.

Ethical responsibility involves the activity of organizations to act in accordance with the needs of society and ethical standards. Organizations that have the role of good citizens in the society should act in a way that exceeds legal limits. Thus, in their work, organizations must demonstrate integrity and morality.

Philanthropic responsibility shows the benefit that voluntary and philanthropic actions of the organizations have on the society. Sponsorships, projects that help organizations improve the quality of life in the community, managers and employees involved in voluntary actions are examples of philanthropic responsibility of the organizations.

In the '90s, the definition of OSR was completed under the impetus of scientists and environmentalists, so new elements of moral, ethics (Donaldson -1991, Davis - 1991 and Preston -1995) and environment (Jennings and Zandbergen -1995) were introduced.

After the year 2000, it can be discussed of the social responsibility strategy, through which organizations round out their marketing policies (Baron -2001) and seek a competitive advantage (McWilliams et al., 2002). The McWilliams and Siegel (2001) perspective, based on the supply and demand analysis and continued by Patrik M. Wright defined OSR as those situations when a company undertakes beyond the interests established by the law.

Campbell (2006) points out that there are several gaps in the definitions of OSR that were known until 2006: "the issue of doing harm has been largely ignored. He considers that there are companies that may do public service work or charities but also pollute the environment or pursue discriminatory labour practices, showing by this example the blind spot in the literature.

OSR has followed two major stages. The first stage in the development of the concept is based on a simplistic definition, as presented by Bowen in 1953. OSR's role is, therefore, to increase the businessman's awareness regarding the needs of the society. The concept takes a complex scale in less than 40 years and it is structured in four levels. Thus, the second stage involves Carroll's contribution, who includes in the definition of the social responsibility two more elements, beyond its economic and legal platform: ethical responsibilities, through which organizations have to do the right thing and behave moral in the society, and philanthropic responsibility, which aims to improve the quality of life by contributions from private corporations as good citizens. Currently, the OSR is often confused with business ethics, corporate philanthropy, sustainable and ecological politics, social performance or corporate citizenship. The lack of a clear definition made the theoretical and practical development of the OSR. Therefore, the comparison between professional OSR studies and the understanding of its implications became an interesting dare.

Table no. 1 Theoretical contribution on the definition of OSR

Authors	Theoretical development of the OSR concept
Bowen H. R. 1953	Businessman's obligation is to comply with those policies, to take those decisions or to follow those lines of action which are desirable according to the objectives and values of the society.
Davis K. 1960	Business actions and decisions must be made on grounds beyond economic and technical interests of the company, at least partially.

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Authors	Theoretical development of the OSR concept
Frederik W.C. 1960	Social responsibility is a civic attitude that includes not only human and economic resources but also the desire to use these resources in various social purposes, and not simply for personal or business interests.
Eells ; Walton 1961	OSR relates to issues that arise when corporate enterprises overshadow social and ethical principles that should govern the relationship between corporation and society
McGuire J. 1963	The idea of social responsibility implies that business is not only economic and legal obligations, but also certain responsibilities to society that extend beyond these obligations.
Bolstrom 1966	Businessmen should realize the impact that their decisions have on the society.
Walton C. 1970	Companies need to recognize, voluntarily, that they have other relations of responsibility beyond corporate responsibility.
Friedman M. 1970	Social responsibility behavior serves the interests of managers and, thus, reduces profits to shareholders.
Drucker P. 1984	Social problems can become economic opportunities.
Davis; Donaldson 1991	There is a moral requirement for managers to do the right thing, not to belittle how these decisions could affect firm performance.
Carroll A. 1991	Social responsibility of organization involves four dimensions: economic, legal, ethical and philanthropic. (Pyramid OSR)
Donaldson; Preston 1995	Emphasis should be on moral and ethical dimensions of stakeholder theory and business involvement in OSR.
Jennings; Zandbergen 1995	Institutions have an important role in establishing a consensus within a firm on establishing sustainable and environmental organizations.
Holmes; Watts 2000	Continuing commitment by business to behave ethically and contribute to economic development while improving their quality of life and their families and local community and society on a large scale.
Baron 2001	OSR use to attract socially responsible consumers called OSR strategy by which organizations provide a public good in conjunction with their marketing strategy / business.
McWilliams; Siegel 2001	The level of social responsibility of an organization can be determined by a cost-benefit analysis.
McWilliams et all. 2002	CSR strategies, when supported by political strategies, can be used as an organization's sustainable competitive advantage.
Campbell, J.L. 2006	Defining socially responsible corporate behavior involves specifying the type of corporate behavior with which we are concerned, of which there are many possibilities, such as how a firm treats the environment and its stakeholders. It involves comparing corporate behavior with some standard, such as those posed by the law or international organizations. And it involves distinguishing between the rhetoric and substantive behavior of firms.
Burlea Schiopoiu, A. et all. 2007	OSR is the voluntary integration of the principles of economic, social and environmental activities to produce goods and provide services in order to enhance economic performance, social and environmental performance of an enterprise.

We believe that a clear conceptual distinction, accompanied by legislation in this area would help better implementation of the OSR in organizational culture and

increase its transparency. The ISO 26000 standard guide, that is going to be published at the end of 2010, will enable a global acceptance of definitions and principles of the OSR and will be a powerful tool to help organizations move from good intentions to good actions.

Analyzing the elements above, we conclude that the definition of social responsibility focuses on how to manage the impact of basic business. Some authors advance this idea and highlights how far some companies go beyond the profit and the broader objectives of society. A key element is the fact that some managers considered that their organizations are not sufficiently prepared to pass the limits of the basic objectives and activists argue that companies have no legal obligation to take such initiatives. And this particular debate does not stop there. The emergence of modern corporations has created and continues to create many social problems. Thus, business must assume responsibility for solving them.

Some writers and analysts say that the OSR has a number of limitations and drawbacks (Barnett, 2005; Friedman, 1970). Social and moral issues are not feasible in economic terms. Corporations should focus on gaining profits for their shareholders and to leave social issues to others. Taking social responsibility to embrace this idea gives a competitive disadvantage to organizations.

However, business has changed considerably through increased stakeholder involvement and social action. Numerous major companies, generally multinational companies have demonstrated how they include the OSR practices in their daily activities, in a long term strategy. The best way an organization can show stability is to integrate social responsibility in their business practices in the short and long term objectives. Maybe it is not a process that can be achieved easily, but it is a criterion that must be addressed with utmost seriousness, and organizations will meet this trend will suffer in the future.

The President of the United States, Barack Obama, in his inaugural speech in January 2009, mentioned about "a new era of responsibility" (Barack Obama, 2009). Obama stressed the importance of mutual respect and common purpose beyond self-interest and indifference.

Many managers and stakeholders approved that implementation of the OSR is an expression of a long-term management strategy. This is a necessary condition to create and maintain a trustworthy image to investors and other stakeholders. Shaping a good reputation and showing transparency through social reports provide an undeniable competitive advantage for all the organizations (Zsolnai, 2006).

3. The contribution of international organizations in defining OSR

Nowadays, OSR is a highly debated subject. Globalization of the economy has increased the intensity of social need that is now reflected in many organizations. As a consequence, international bodies became more preoccupied about the social aspect of their activities.

Famous international organizations, the Organization for Economic Cooperation and Development, United Nations, European Commission, Economic Development Committee, World Council for Sustainable Development etc. and various foreign agencies -Cone Inc. USA, APCO Insight USA, Cherenson Group USA, Hallvarsson & Hallvarsson Sweden - gave valuable source of documentation on OSR and have taken several initiatives in the SR field, such as Global Compact and the Global Reporting Initiative.

Organisation for Economic Cooperation and Development (OECD) issued, in 1976, "The Guidelines for Multinational Enterprises", a code of conduct for companies to achieve global sustainable development, and had as an aim different social aspects, such as: human rights, environmental protection, consumer interests, corruption and competition. In 2000 it was published a revised version of "Guidelines for Multinational Enterprises". According to the "OECD Guidelines" organizations should consider the following elements:

1. contributing to the economic, social and environmental, upholding the principle of sustainable development.
2. human rights in all activities they undertake.
3. encouraging the development of local communities.
4. not to accept the waiver are not included in the local legislative environmental, health, safety, labor and taxation.
5. support and equitable principles and practices governing the company.
6. developing and implementing effective management systems to build a trusting relationship with the companies they serve.
7. promoting company values among employees through training programs.
8. not to discriminate and not to penalize individuals or institutions which notes the management team of the company's unfair practices.
9. encourage business partners to implement the "OECD Guidelines".
10. not to interfere unduly with the local political activities.

OECD Principles have been supplemented by the initiative of the Secretary General, Kofi Annan, to create a partnership between the United Nations and companies under the name of Global Compact in order to achieve global sustainable development, in July 2000. It is a network of United Nations agencies, companies, trade unions, business organizations, academic organizations, civil society organizations, government / administrative and aimed at empowering enterprises with the principles laid down, stressing the importance of human rights.

In his speech at the *UN Global Compact* Leaders Summit - in July 2010, the Vice-President Antonio Tajani stressed that the EU's ambition is to play a key role in promoting global OSR by the example provided by some countries. There was thus the importance of dialogue between business and unions and renewal of the EU policy on social responsibility in terms of transparency, in terms of company environmental, social and governance. Another aim is the application of United Nations Framework for Business and human rights and the ability to facilitate initiatives in various industries to meet different social and environmental challenges.

The *European Commission* defines the organization social responsibility as a "concept whereby companies voluntarily integrate social and environmental concerns in their business activities and interaction with stakeholders." Social responsibility of organizations is a part of smart growth strategy, sustainable and inclusive-Europe 2020. It can help form a pattern of competitiveness that Europe wants. This is the quintessential definition of business ethics, as it involves three aspects: economic, social and environmental standards, in order to create sustainable economic growth and stresses the importance of stakeholders. (Zolnai, 2006).

In March 2010, the European Commission has pledged to "renew the EU strategy to promote social responsibility of the organization as a key element in ensuring consumer confidence and long-term employees." The latest press the European Commission, published in March 2006, stresses the importance of OSR and causes

business to take leadership in this area, seeking thus to promote volunteering as a concept OSR.

Committee for Economic Development (CED) deepens the concept of OSR, referring to three aspects:

- the first is the performance of the liabilities based on the organization's essential functions, namely production, employment and economic growth;
- the second is an extension of the first and includes the concept of responsibility, with a sensitivity to developments and expectations of society, taking into account environmental issues, social relations or information on customers;
- the third takes into account the responsibilities that arise and lead to environmental improvements, such as targets for employment for disadvantaged populations.

Social responsibility of organizations can be defined as how organizations introduce values and their behavior, expectations and needs of stakeholders - not only consumers and investors, but also employees, suppliers, communities, regulators, special interest groups and society, as a whole. OSR describes the company's commitment to responsible stakeholders, requiring organizations to manage the economic, social and environmental impacts of their operations to maximize benefits and minimize the disadvantages.

World Business Council for Sustainable Development in its publication, "Making good business sense"(2000), by Lord Holme and Richard Watts, defined OSR as a "continuing commitment by business to behave ethically and contribute to economic development improving quality of life of workers and their families and the local community and society in general."

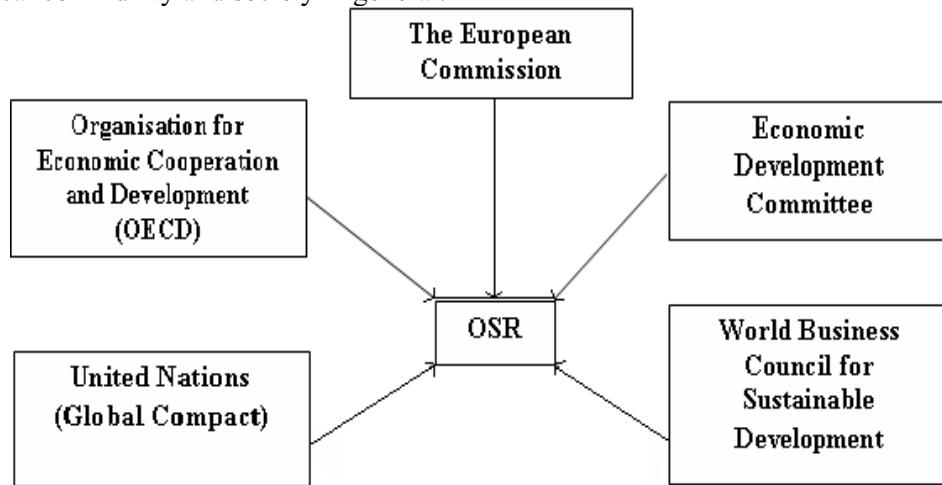


Figure no. 1 -The influence of the main international organizations in the definition of the OSR

Although some organizations use OSR as a strategy for manipulation of the consumers using the idea of ethics, the implications and the benefits that social practices have on society can not be disputed.

4. Conclusions

The concept of social responsibility of the organization had a controversial development. There are many opinions, definitions and objectives of social

responsibility, but none has defined an internationally accepted definition so far. Against the backdrop of such developments, we can say that the social responsibility of the organization term does not support a universally accepted and not yet a final definition. The reason lies in the fact that the organization social responsibility is manifested in various ways, reaching different areas of a company. Facilitating the emergence of the concept, the economic business model in which the predominant feature was purely the obtaining of the profit, changed to a much larger business model that includes a partnership with social problems, namely the socio-economic model. The fact that OSR has become a strategy for organizations put a positive impression on the general quality of life by conserving resources and serving the interests of the society.

The complexity of the OSR notion has many attitudes about its benefits. Although there are many skeptics who do not believe the positive impact of the SR and consider it a competitive disadvantage, the impact brought by the social practice into the business world is impressive.

With the increasing importance of the OSR debate in the new millennium, the involvement of the international organizations has been growing as well. The international organizations play a promotional and leading role in the field of OSR and its implementation in the business world. They developed OSR guidelines and instruments that offer important solutions for organizations so that they can be involved in social aspects.

Many companies worldwide recognize the importance of active communication with NGOs and international organizations which have deep knowledge of OSR, and become more interested in holding stakeholder dialogues regularly and try to implement SR policies as a new management instrument. The trend towards socially responsible business

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